

HELPING LOW-INCOME IOWANS WORK

Decision on Child Care Block Grant to Affect Thousands of Iowans

Child care is a vital need for thousands of Iowa families. Among all states, Iowa ranks third in the percent of children under the age of 6 with all parents in the labor force.¹ Yet for many of these families, quality child care is increasingly out of reach. Since 2000, child care costs have risen at twice the rate of families' incomes.² For Iowa families just scraping by, it is often the largest or second-largest expense.³



Federal funding for child care assistance for low-income families is set to expire on March 4. Whether Congress acts prior to that date to extend this program will affect the ability of millions of Americans and thousands of Iowans to work and keep their children in a high-quality program.

Child Care and Development Block Grant and Iowa

Since 1990, many of the lowest-income families have received assistance with child care costs through the federal Child Care and Development Block Grant (CCDBG).⁴ CCDBG is the primary source of funding for Iowa's Child Care Assistance Program,⁵ which funds child care for low-income working families in Iowa.⁶

Iowa's Child Care Assistance program is targeted to the lowest-earning families. Only children under the age of 13 may benefit from child care assistance, and to qualify, a family's earnings cannot exceed 145 percent of the federal poverty level (\$32,407.50 for a family of four in 2011).⁷ Families whose income level falls between 100 percent and 145 percent of the federal poverty level contribute a small portion of their income to help pay for the child care.⁸

An average of 15,100 Iowa children and their families benefited each month in 2009 from this program.⁹ Data on the number of low-income children suggest that thousands more Iowa children could be eligible.¹⁰ Further, over 72 percent of Iowa children have the parent with whom they live or both parents with whom they live in the labor force.¹¹ Table 1 shows the number of children under the age of 6 in single-parent families and two-parent families in which all parents work.

Previous research has suggested that child care subsidies have

Table 1. Child Care Needs Among Iowa Children, Birth to 6 Years Old

Children Aged 6 Years and under	Total	Percentage
Living with two parents, both in labor force	113,935	50.30%
Living with one parent, in labor force	50,096	22.12%
Total for 6 Years and under	164,031	72.41%

increased employment in Iowa by 5,270, and increased family income for these families by about \$6,000 annually.¹² In addition, child care assistance helps the employment situation of many of these families become significantly more stable.¹³

Funding child care for low-income families helps Iowans contribute to the economy, develop family self-sufficiency, stay off public assistance rolls, and prepares children to thrive in school settings. The benefits of child care funding extend beyond the benefiting families; every dollar in Iowa spent on child care generates nearly \$2 in local economic activity.¹⁴

These impacts for thousands of Iowa children and their families are part of the equation on decisions whether to fund CCDBG.

¹ U.S. Census Bureau, American Community Survey, 2005-2009. Table GCT2302. Available for download at <http://www2.census.gov/acs2009_5yr/prod/GeographicComparisonTables/StateUS/>.

² White House Middle Class Task force, as cited in “Parents and the High Cost of Child Care: 2010 Update,” National Association of Child Care Resources & Referral Agencies, August 3, 2010. <http://www.naccrra.org/docs/Cost_Report_073010-final.pdf>.

³ Andrew Cannon and Molly Fleming, “The Cost of Living in Iowa,” Iowa Policy Project, January 10, 2010. <<http://www.iowapolicyproject.org/2010docs/100125-CostOfLivinginIowa.pdf>>.

⁴ Testimony of Helen Blank, Director of Leadership and Public Policy, Before the Subcommittee on Children and Families of the Senate Health, Education, Labor, & Pensions Committee, National Women’s Law Center, November 18, 2010. <<http://www.nwlc.org/sites/default/files/pdfs/ccdbgtestimonynov2010.pdf>>.

⁵ States may also use funds from the Temporary Assistance for Needy Families block grant. Karen Schulman and Helen Blank, “State Child Care Assistance Policies 2010: New Federal Funds Help States Weather the Storm,” September 2010. <<http://www.nwlc.org/sites/default/files/pdfs/statechildcareassistancepoliciesreport2010.pdf>>.

⁶ Hannah Matthews, “CCDBG: What’s in the Law?” CLASP, December 15, 2010. <<http://www.clasp.org/admin/site/publications/files/ccdbginlawrev.pdf>>.

⁷ For families with children who have disabilities, the income eligibility limit is 200 percent FPL. Eligibility Guidelines for Child Care Assistance, Iowa Department of Human Services. Accessed February 4, 2011. <http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/Manual_Documents/Forms/Comm306.pdf>.

⁸ Eligibility Guidelines for Child Care Assistance and Lily French and Peter S. Fisher, “Strengthening Child Care Assistance in Iowa: The State’s Return on Investment,” Iowa Policy Project, March 2009. <<http://www.iowapolicyproject.org/2009docs/090325-CCROI.pdf>>.

⁹ “Sustain Child Care and Head Start Investments: Iowa,” CLASP, Accessed February 4, 2011. <http://www.clasp.org/admin/site/publications/files/Iowa_0856.pdf>.

¹⁰ “Sustain Child Care and Head Start Investments: Iowa.”

¹¹ U.S. Census Bureau, American Community Survey, 2005-2009.

¹² Lily French and Peter S. Fisher, “Strengthening Child Care Assistance in Iowa: The State’s Return on Investment,” Iowa Policy Project, March 2009. <<http://www.iowapolicyproject.org/2009docs/090325-CCROI.pdf>>

¹³ French and Fisher. Single mothers leaving Temporary Assistance for Needy Families are 40 to 80 percent more likely to be employed two years later if they receive child care subsidies.

¹⁴ “Sustain Child Care and Head Start Investments: Iowa.”

The Iowa Policy Project

The Iowa Policy Project is a nonprofit, nonpartisan organization that promotes public policy that fosters economic opportunity while safeguarding the health and well-being of Iowa’s people and the environment. By providing a foundation of fact-based, objective research and engaging the public in an informed discussion of policy alternatives, the Iowa Policy Project advances accountable, effective and fair government. IPP reports are available to the public at www.iowapolicyproject.org. The Iowa Policy Project is a 501(c)(3) organization. Contributions are tax deductible.

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